

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0996-02
Bill No.: HCS for HB 547
Subject: Public Assistance; Social Services Department
Type: Original
Date: March 18, 2015

Bill Summary: This proposal changes the laws regarding nonmedical assistance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$99,647)	\$54,554	\$54,040
Total Estimated Net Effect on General Revenue	(\$99,647)	\$54,554	\$54,040

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income, savings, costs and losses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	1	1	1
Federal	1	1	1
Total Estimated Net Effect on FTE	2	2	2

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)** provide the following assumptions:

Section 208.025 – Applying for, Accepting or Renewing Waivers for SNAP

The department of social services shall not seek, apply for, accept, or renew any waiver of requirements established under 7 U.S.C. Section 2015(o). The provisions of this subsection shall terminate on January 1, 2019.

Any ongoing savings resulting from a reduction in state expenditures due to modification of the supplemental nutrition assistance program (SNAP) under this section or the temporary assistance for needy families (TANF) program effective on August 28, 2015, and subject to appropriations, shall be used to provide child care assistance for single parent households, education assistance, transportation assistance, and job training for individuals receiving benefits under such programs as allowable under applicable state and federal law.

Family Support Division (FSD) officials state for section 208.025 if the department were not to accept, renew or apply for any waiver regarding Able-Bodied Adults Without Dependents (ABAWD), then based on participation as of January 31, 2015, 47,260 individuals could lose Food Stamp benefits. The current ABAWD waiver expires January of 2016.

Food Stamp benefits are paid by the federal government and are not included in FSD's appropriations. The FSD anticipates loss of Food Stamp benefits based on the January 2015 average value of monthly benefits per ABAWD individual as follows: $\$176 \times 47,260 = \$8,317,760$

There would be 3 months of loss in FY 2016 $\$8,317,760 \times 3 = \$24,953,280$. In the subsequent fiscal years it is anticipated that as new ABAWD individuals would come on the program and have eligibility limited to 3 months, there would be nine (9) months of lost benefits per year, $\$8,317,760 \times 9 \text{ months} = \$74,859,840$.

Applying work requirement policy is labor intensive for staff and would require staff training. FSD assumes the training will be provided online. FSD would absorb the costs of the development of the training and the additional duties for field staff to verify the work requirement is met for participants subject to the work requirement.

Appropriate notices concerning the policy must be mailed to all participants notifying them of the reinstatement of work requirement policy at a cost of \$160,964 (rounded up).

Food Stamp households (392,593) x postage rate (\$0.41)
Total cost: \$160,964

ASSUMPTION (continued)

The FSD anticipates savings in electronic benefit transfer (EBT) services. The cost for EBT for Food Stamp households is \$0.57 per month. 47,260 of the ABAWD population are single person households. The FSD assumes that 10,034 multiple person households would remain eligible for EBT services without the ABAWD receiving benefits. After the waiver has expired, the ABAWD population is eligible to receive food stamp benefits for 3 months maximum while not meeting the work requirement. The FSD anticipates 47,260 single person ABAWD households would receive benefits for three months from January - March, 2016. There would be 3 months of savings for FY 2016 (April - June) $47,260 \times \$0.57 = \$26,938 \times 3 \text{ months} = \$80,814$. In the subsequent fiscal years it is anticipated that as new ABAWD individuals would come on the program and have eligibility limited to 3 months, there would be nine (9) months of savings per year, $\$26,938 \times 9 \text{ months} = \$242,442$ per year.

Total anticipated EBT savings 1st year: \$80,814
On-going EBT savings annually: \$242,442

The costs and savings are split 50/50 between GR and Federal funds.

Division of Legal Services (DLS) officials anticipate that additional administrative hearings may be requested resulting from termination of food stamp benefits. FSD estimates that potentially 47,260 individuals could lose SNAP benefits. Assuming five percent of those participants request a hearing, DLS anticipates that the legislation would result in at least 2,363 additional hearing requests in the months after the legislation takes effect. DLS believes that it will take approximately two hours to conduct each hearing required by this proposal. This will include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. The hearings should not require complex evidence or facts. DLS assumes hearing officers can hold approximately 900 hearings per year. This would result in the need for two (2) additional hearing officers ($2,363/900 = 2.6$, rounding down). DLS anticipates that the need for the additional resources will be concentrated in the first three years after the legislation is implemented because once the current recipients cases have worked through the system they will no longer be eligible.

Section 208.035.1 – Categorical Eligibility

This section prohibits consideration of benefits other than cash assistance as benefits granting categorical eligibility for the SNAP program under 7 U.S.C. § 2014(a).

FSD states Food Stamp eligibility is limited as follows:

- Households with at least one elderly or disabled member must meet only the net income eligibility limit which is 100% of the federal poverty level (FPL);

ASSUMPTION (continued)

- Households that do not have an elderly or disabled member must meet the gross income eligibility limit which is 130% of the Federal Poverty Level (FPL) and the 100% net income limit;
- Resource limits are: \$3,250 for all households consisting of at least one elderly or disabled member; or \$2,250 for all other households; and,
- One or two person categorically eligible households are always entitled to at least \$15 in benefits. Three or more person households do not receive benefits when their net income results in a zero allotment.

Currently Food Stamp categorical eligibility applies when all household members receive:

- Temporary Assistance,
- Supplemental Security Income (SSI),
- Supplemental Aid to the Blind (SAB), or
- Supplemental Payments (SP).

Or, the household includes a member receiving or authorized to receive one or more of the following special support services:

- Child Care, or
- Community Partnerships - Missouri Mentoring

Only the households determined to be categorically eligible because of participation in Child Care or Missouri Mentoring would be impacted by this legislation.

As of December 2014, there were no categorically eligible households that exceed the resource limit that are not Temporary Assistance (cash assistance) or covered under 7 U.S.C. Section 2014 (a). 45 Child Care households had income in excess of 130% FPL and would lose eligibility. There were no households considered categorically eligible due to participation in Missouri Mentoring.

DSS officials provided the response for the **Office of Administration (OA), Information Technology Services Division (ITSD)**. ITSD states it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

ASSUMPTION (continued)

The Categorical Eligibility in the Family Assistance Management Information System (FAMIS) is determined using rules table values (RT0501), and based on the requirements in the proposal, FAMIS will be able to make all changes using table values. The gross income and resource standards are also controlled using table values.

Total Cost: \$5,508 (50% GR / 50% FF)

Oversight assumes the ITSD can absorb, within current funding and staffing levels, the minimal costs presented in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND (§§208.025 and 208.035)			
<u>Savings - DSS-FSD</u>			
Reduced EBT costs	\$40,407	\$121,221	\$121,221
<u>Costs - DSS-FSD</u>			
Postage costs	(\$80,482)	\$0	\$0
<u>Costs - DSS-DLS</u>			
Personal service	(\$33,307)	(\$40,384)	(\$40,788)
Fringe benefits	(\$18,986)	(\$20,917)	(\$21,027)
Equipment and expense	<u>(\$7,279)</u>	<u>(\$5,366)</u>	<u>(\$5,366)</u>
Total <u>Costs - DSS-DLS</u>	<u>(\$59,572)</u>	<u>(\$66,667)</u>	<u>(\$67,181)</u>
FTE Change - DSS-DLS	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$99,647)</u>	<u>\$54,554</u>	<u>\$54,040</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
FEDERAL FUNDS (§§208.025 and 208.035)			
<u>Income</u> - DSS-FSD			
Program reimbursements	\$80,482	\$0	\$0
<u>Income</u> - DSS-DLS			
Program reimbursements	\$59,572	\$66,667	\$67,181
<u>Savings</u> - DSS-FSD			
Reduction in EBT expenditures	\$40,407	\$121,221	\$121,221
<u>Costs</u> - DSS-FSD			
Postage costs	(\$80,482)	\$0	\$0
<u>Costs</u> - DSS-DLS			
Personal service	(\$33,307)	(\$40,384)	(\$40,788)
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Total <u>Costs</u> - DSS-DLS	<u>(\$59,572)</u>	<u>(\$66,667)</u>	<u>(\$67,181)</u>
FTE Change - DSS-DLS	1 FTE	1 FTE	1 FTE
<u>Loss</u> - DSS-FSD			
Reduction in reimbursements for EBT costs	<u>(\$40,407)</u>	<u>(\$121,221)</u>	<u>(\$121,221)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	1 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

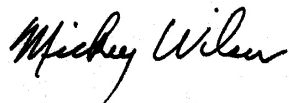
This proposal prohibits the Department of Social Services from seeking, applying for, accepting, or renewing any waiver of requirements established under 7 U.S.C. Section 2015(o) regarding eligibility for participation in the federal Supplemental Nutrition Assistance Program (SNAP). Any benefit other than cash assistance must not be considered a benefit granting categorical eligibility for SNAP under 7 U.S.C. Section 2014(a).

The gross income standards of SNAP must not exceed the standards specified in 7 U.S.C. Section 2014(c), and the resource limit standards of SNAP must not exceed the standards specified in 7 U.S.C. Section 2014(g)(1). Any benefit other than cash assistance must not be considered a benefit exempting households from the resource limits under 7 U.S.C. Section 2014(j).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services -
 Family Support Division
 Division of Legal Services
Office of Administration -
 Information Technology Services Division



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Director
March 18, 2015

Ross Strobe
Assistant Director
March 18, 2015